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SUBJECT: UAE LABOR UPDATES

1. (SBU) Summary: On June 30, Econoff met with Mohammed Al-Zaabi, Director of International Relations, at the Ministry of Labor (MOL) to discuss recent changes to the UAE labor system. Al-Zaabi explained that foreign workers are "temporary" workers, not "immigrant" workers and stressed to Econoff that the USG must understand the UAEG's position that labor is an issue of "national security." Al-Zaabi highlighted the new regulations regarding Emiratization and a minimum wage for UAE nationals. He also discussed the recent Ministerial Decree mandating a mid-day break for laborers and said that the MOL is hiring more labor inspectors to address the growing labor problems in the UAE. Al-Zaabi said he hopes a revised labor law will be passed soon, but gave no further details. In addition, The Ministry of Interior recently announced that domestic servants no longer have to leave the UAE for six months before beginning a new contract. The new decree follows the decision of the MOL which also ended the six month ban on laborers. End Summary.

Workers--Temporary, Not Immigrants

2. (SBU) In his recent speech before the 95th International Labor Organization (ILO), Minister of Labor, Dr. Ali Al Ka'abi, called on the ILO to recognize expatriate workers in Gulf countries as temporary workers, not immigrant workers since foreigners are not permitted to immigrate to the UAE, regardless of how many years an expatriate has been working in the UAE. Once a foreign worker retires, he is not allowed to remain in the UAE and must return to his home country. Al-Zaabi told Econoff that the UAEG views expatriate workers as temporary workers, not immigrants. He also said that the International Organization of Migration had agreed to this classification. Al-Zaabi stressed that foreign workers are a matter of "national security" since Emiratis only make up a small percentage of their own country (estimated at around 15%). Econoff told Al-Zaabi that the USG understands the UAEG's view that expatriate workers are an issue of national security, but stressed that workers are entitled to fundamental rights and freedoms, such as the right to form unions and collective bargaining. Econoff and Al-Zaabi also discussed the current debate in Congress, regarding an FTA with Oman due to Oman's weak labor laws. Econoff told Al-Zaabi that Congress has provided clear guidance that our FTA trading partners must respect core labor standards. (Note. Oman allows expatriates to belong to associations--similar to unions--as long as the person can read, write and speak Arabic, while the UAE does not allow foreign participation in its associations. End note.)

Emiratization

13. (U) Al-Zaabi told Econoff that The Ministry of Labor is blacklisting firms and not renewing their employee's visas if they do not meet their Emiratization quotas. Only 33 companies out of 911 that are required to meet Emiratization quotas met their goals for 2006. Banks, insurance companies and trading companies with more than 50 employees are required to meet Emiratization quotas, by hiring a certain percentage of UAE nationals. In addition, companies with at least 100 employees are also required to have a UAE Public Relations Officer.

14. (U) The UAEG is increasing its Emiratization push. The MOL announced on June 24 that all newly hired secretaries and human resources officers in the private sector must be UAE nationals. One article in the Gulf News, quoted Ahmad Kajoor, Assistant Undersecretary in the Ministry of Labor as saying, all applications for secretarial posts will be studied carefully, "but we (MOL) will not target jobs in small businesses." Expatriates currently working in those positions will be able to retain their positions for another 18 months or until their visas expire, whichever is first. Al-Zaabi said that he believed foreign secretaries or human resources officers will be given another job in their present company once their contract expires. The Ministry estimates that 671 human resource jobs and 20,865 secretarial jobs will be made available to UAE nationals through the new Emiratization Decree. The English language daily, Gulf News, quoted the Al-Ka'abi as saying "The Labor Ministry's new Emiratization plan is meant to strengthen the recruitment of UAE nationals in certain jobs rather than in certain sectors after we (MOL) found a lack of commitment to the Emiratization quota imposed by the Cabinet in the banking and insurance sectors and in trading companies."

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15. (U) The MOL estimates there is currently only one UAE employee for every ten expatriate employees in the private sector and the UAEG's aggressive Emiratization policy is one way to try and reverse those numbers. The National Human Resource Development and Employment Authority (Tanmia) recently announced that at least 33,000 Emiratis are currently unemployed and expects that number to increase by 13,000 each year. In addition, 15,000 new university graduates enter the job market each year. The Emiratization policy does not apply to government offices because federal labor law does not apply to the government sector. Al-Zaabi believes Emiratization in the government sector is only about 30-35%, although it is 99% in the MOL.

16. (U) The MOL has also issued a decree stipulating a minimum wage for UAE nationals in the private sector. A UAE national must receive a minimum of 5000 Dhs (1362 USD) a month if he possesses a post-secondary degree, 4000 Dhs (1090 USD) a month if he holds a secondary diploma and 3000 Dhs (817 USD) a month for all others.

Mid-day Break for Laborers

17. (U) The MOL has issued a Ministerial Decree mandating that outdoor workers have a mid-day break from 12:30-3:00 PM during July and August. Inspectors from the MOL are checking to ensure that companies are complying with the required break time. If companies are caught violating the break, they will be fined 10,000 Dhs (2725 USD) for the first offense, 20,000 Dhs (5450 USD) for the second offense and 30,000 Dhs (8174 USD) for the third offense. The English language daily, Gulf News, reported seeing laborers working at construction sites between 12:30-3:00 PM, in violation of the new rule. According to the newspaper, 15 companies have violated the law since July 1. (Note. This is the second year the UAE has mandated a mid-day break. However, this year's break is half an hour shorter than last year's rest

period. Since most workers live in remote labor camps it is not feasible for many laborers to return to their accommodations during their break, so most end up resting at their worksite or on the grass in nearby areas. End note.)

MOL Increase Number of Inspectors

18. (SBU) Al-Zaabi said that the MOL will use 95% of its 2007 budget of 120 million Dhs (3.27 million USD) to increase its number of labor inspectors. The Ministry expects to hire 400 inspectors. (Comment. Although this is a vast improvement over the past year's number of labor inspector (about 80), 400 is still too low to properly inspect over 250,000 firms in the UAE. End Comment.)

Revised Labor Laws

19. (U) Throughout the past two months, the Arabic press has reported that Labor Minister Al Ka'abi would be submitting a revised labor law to the Cabinet this summer. Al Khaleej newspaper quoted the Minister as saying, "there would be substantial changes in the law, which will rebalance the labor market and catch economic and social development." The law would also remedy delays in payment of wages, absconding workers and labor strikes. When Econoff asked Al-Zaabi about the Minister's revised labor law, he responded, "inshallah (God willing) it will be passed soon," but did not comment further. (Note. Ambassador and Econoffs have repeatedly asked MOL officials about the passage of the revised labor law and are always told that the law will be passed soon. Since the Cabinet adjourns for the summer on July 15, it is unlikely that the law will be passed until after September 15 when the Cabinet resumes. End note.)

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Requirement to Leave for Six Months Abolished

110. (U) Lt. General Sheikh Saif bin Zayed Al Nahyan, Minister of Interior, recently issued a Ministerial Decree abolishing the requirement that domestic servants leave the UAE for six months once their contract expires. Under the new decree, once an individual's visa expires, they no longer have to wait outside the UAE for six months before beginning a new position. This is in line with a similar decree issued by the Labor Minister several months ago abolishing the sixth

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month ban on laborers. (Note. The Ministry of Interior regulates domestic servants, not the MOL, because domestic workers are sponsored by individuals rather than companies. End note.)
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